



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: 3.b

Title: Active River Project Update – Information Only

Presenter: Chris Adesso

Meeting: Government Services Committee Date: May 29, 2018

Proposed Cost: \$ N/A Budgeted Amount: \$ N/A Not Budgeted:

Executive Summary *(if not budgeted please explain):*

The Active River Task Force wishes to provide the Council Committee updates on the status of topics pertaining to the Active River Project/Concept. The Task Force offers the attached information to the Committee. A member of the Task Force will be available at each of the Government Services Committee meetings to respond to any questions or comments that the Council Committee may have.

Attachments *(please list):*

* April, 2018 – Task Force Meeting Minutes

Recommendation/Suggested Action *(briefly explain):*

None – For information only.

**MINUTES
ACTIVE RIVER TASK FORCE MEETING
ST. CHARLES
JOHN RABCHUK, CHAIRMAN
APRIL 2, 2018**

Members Present: Chair. John Rabchuk, Chris Adesso, Rick Brems, Holly Cabel, Jim Enck

Members Absent: Trish Beckjord, Monica Meyers, John Wessel

Others Present: Tom Anderson, Isabel Soderlind, Ed Werneke, Tony Zehnder,

1. Call Meeting to Order

The meeting was convened by John Rabchuk at 8:01 a.m.

2. Minutes Review and Approval

Motion was made to accept and place on file the minutes of the March 5, 2018 Active River Task Force meeting.

Motion by Tony Zehnder second by Tom Anderson, to accept and place the minutes on file.

Voice vote: Ayes: unanimous; Nays – None Absent: T. Beckjord, M. Meyers, J. Wessel

Motion carried at 8:02 a.m.

3. Active River Project Funding Issues and Discussions

A. 2018 City of St. Charles Budget Proposal

The City's fiscal year budget for 2018/2019 is being reviewed at a public hearing held at 6:45 p.m. tonight. As of last week there was still \$400,000 budgeted for Phase I Design Engineering and another \$300,000 budgeted for each of the next two fiscal years, FY2019/2020 and FY2020/2021 for the Active River Project.

The Park District Board is still in discussion with the City in regards to an intergovernmental agreement; the City appears to be open to some ideas but items are still being discussed.

B. Private Developer's Interest

i. Meeting with Jerry Ferstman, formerly with Forest City Development

Mayor Rogina, St. Charles Park Board President Bob Carne, Holly Cabel and Mark Koenen met with Jerry Ferstman last week. Mr. Ferstman managed the conceptualization and development of The Promenade Shopping Center in

Bolingbrook and the surrounding area, which includes IKEA, Bass Pro Shop, hotel and movie theater. He also led the development of the condo buildings at the south end of Grant Park (adjacent to Soldier Field) in Chicago.

The discussion included the following highlights:

- Mr. Ferstman mentioned the Promenade project began by identifying specific parcels. They then went to the city and proposed a directed tax proposal, a combination of sales tax and accommodations tax. These revenue sources were dedicated specifically to this project and went straight to the bonds. The bonds then paid off for the infrastructure of the project, related highways and utilities.
- These were non-recourse bonds. There was no obligation on the city's part to pay off the bonds and it would not impact the city's bonding capability.
- John Rabchuk and Mr. Ferstman drove around town and looked at several parcels around the downtown area. Jerry was very impressed and thought this project would be a good fit for St. Charles. Mr. Ferstman will be a good contact for a list of resources and developers that may be interested.
- The group discussion focused on the development of the downtown area. The Active River Project would instead become a component of the downtown development, i.e., a full integrated development project similar to the Greenville, South Carolina and the Columbus, Georgia project.
- If it elected to follow this type of scenario, the City would need to commit to building the infrastructure of the Active River Project along with the infrastructure requirements (electric, sewer, water, roadways, etc.), which would be paid by the dedicated bonds. This could be a dedicated SSA District, sales tax, food & beverage tax, restaurant and accommodation tax, etc. Most of these taxes would come from visitors and not necessarily from local residents.
- The discussion focused on how to entice and obtain private developer financing for a downtown development with the river becoming the attraction for development.
- Mr. Ferstman mentioned studies and projections are essential to promote the project. Once the project is up and running, marketing and advertising promotions would also be important.
- Mr. Ferstman recommended a group of influential people assess and determine the best use of the sites currently available i.e., retail, restaurant, multi-family, etc.
- Mark Koenen, Mayor Rogina, Holly Cabel and Bob Carne, President of the St. Charles Park District Board, will determine next steps.

C. Discussions with Consultants

- i. Contacts have been passed on to Mark Koenen

Holly Cabel has passed several contacts to Mark Koenen. Rick Brems supplied the Columbus, Georgia contact, and Rick Hitchcock provided an additional contact in Louisville, Kentucky. The contact at Louisville, Kentucky has worked with Kathy Blaha on other projects.

Mark and Holly will be contacting the various connections.

- ii. Other Referrals from Hitchcock

John Rabchuk mentioned that Rick Hitchcock, from the Hitchcock Design Group, has been sending him some additional contacts and he has been passing these on to Mark Koenen and Holly Cabel. Hitchcock is working on a river projects for Columbus, Indiana; Kankakee, Illinois; and Louisville, Kentucky.

D. Update on Inter-Governmental Agreement between City and Park District

Holly Cabel mentioned these meetings are ongoing almost on a weekly or every other week basis. The Park District board is determining what they would like to do from a budgetary standpoint this year and next steps moving forward.

4. Marketing, Publicity and Community Outreach

A. Update and Presentations of New River Corridor and Active River Websites

- i. City utilized new Active River video in their meetings with local federal representatives

John Rabchuk mentioned the new Active River Project video was presented to local federal representatives while Mark Koenen was attending the American Public Power Association (APPA) Conference in Washington DC the end of February.

- ii. How to use Heart of the Fox to promote and educate the Active River Project to the community

(See Section 5C – River Corridor Foundation.)

B. Downtown St. Charles Partnership, Chamber of Commerce, STC Convention and Visitors Bureau

Jim Di Ciaula is the new Chamber of Commerce President. He is trying to organize the Chamber and local non-for-profit groups to work closely together.

River Corridor Cruise Night will be held on April 26. Jim has taken a much more aggressive approach to inform local businesses about the Active River Project.

C. Scheduled Presentations

- i. Batavia Mayor Schielke and Communications Director Christopher Cudworth have asked for an update on Active River Project

A date for this presentation has not been scheduled yet.

Per John Rabchuk, Kevin Burns, Geneva's mayor, is also interested in setting up an Active River group in Geneva.

- ii. St. Charles Golden K Club

This meeting is scheduled for Thursday, May 17th at St. John Neumann Church from 9:30 – 10:30 a.m.

There will be an Active River Project presentation for 100 members of the Golden K Club. John Rabchuk will update the current Active River Project presentation.

5. Member Organization Updates

A. St. Charles Park District

- i. Pottawatomie Golf Course Shoreline Restoration and Stabilization Effort Phase I will begin this Fall

The Golf Shoreline Restoration and Stabilization Project was presented to the St. Charles Park District Board. The project will be addressed in phases over the next 3+ years and have been prioritized as it relates to the erosion. Hole 4, which runs along the river, will be the first phase to be addressed this coming fall. This project will last three to four years. Each year they will take a different phase and each will need to be approved by the Park District Board when the time comes.

- ii. Boy Scout Island Boat Launch Project

Boy Scout Island will be shut down the end of this month to work on the ramp. The work on the parking lot will start in the fall.

The Ferson Creek park rowing racks are being filled mostly by individuals, and the level of rowing activity remains very strong. A St. Charles resident has qualified for the U.S. Olympic Rowing team.

- iii. Delnor Woods Dam Project

The replacement/renovation of the Delnor Woods Dam project has been in the works for a couple of years. The project was in the budget last year, but the bid proposals came in over budget. The budget was increased and the project was rebid this past winter. The project was approved approximately three weeks ago and the work has begun.

B. City of St. Charles

- i. Replacement for Piano Factory / Indiana Pedestrian Bridge

The announcement of the ITEP Grant for the Indiana Pedestrian Bridge will not occur until late spring or sometime this summer. There is the potential that the bridge may be closed if the City does not receive the grant.

The committee discussed the impacts on the downtown in regards to connectivity if the bridge is closed.

Tom Anderson felt this committee should try to keep this bridge open and be placed on this agenda in the future.

ii. 7th Avenue Creek Project

Some of the properties along 7th Ave Creek are currently being demolished. For now, the properties will be graded and seeded. The only monies budgeted for this project next fiscal year is for the 7th Ave Culvert Replacement/Lining.

Chris Adesso was not aware of any other Active River City related projects budgeted for the upcoming year.

C. River Corridor Foundation

i. Heart of the Fox – 5K & 10K runs; Colonial Café Color Run with FVSRA and WDRA inclusion and Tug of War across the river on Sunday, May 20, 2018

Rick will set up an Active River a booth with video at the First Street Plaza. A 55” TV will be running the Active River Project video. Tony Zehnder will set up the booth while Rick Brems works the Color Run in the morning.

Rick has purchased a six foot folding table to hold the brochures, etc. but he also suggested purchasing an Active River Project banner for the front of the table. The Committee recommended the banner should say “Active River”; it will be generic enough for other future functions.

John Rabchuk mentioned he has officially heard from only one team for the Tug-of-War, St. Charles Fire Local 3322. He has heard that several other organizations are organizing teams, but he has not officially received any other applications.

John Rabchuk distributed Heart of the Fox posters to local businesses this past weekend. Some of the businesses have been aware of the Active River Project but at this point they are not aware of any details. Overall, many of the business appeared were very receptive regarding the project.

ii. Gratitude Project Sculpture

The installation and dedication of the Gratitude Sculpture is supposed to be completed by mid-May. The sculpture will be located near the Indiana Pedestrian Bridge. It still needs to be painted and then shipped. The electric conduit has been installed at the base, with the rest of the electrical work completed when the sculpture arrives.

iii. Boy Scout Island Lagoon Nature Preserve

Trish Beckjord has been encouraging the Fox River Eco System Partners (FREPP) to consider a design of converting the lagoon to a nature preserve and water native foliage display.

Per John Rabchuk, there has been some preliminary discussions between Trish Beckjord and FREPP regarding the Boy Scout Lagoon. If FREPP is truly interested, Holly would encourage FREPP to make a presentation to the Park District Board.

iv. Kiwanis Signature Project – Commitment to Active River

Kiwanis put out a press release this week regarding their Signature Project. Kiwanis hopes to encourage other civic groups and private individuals to contribute pieces to the project. It will be posted on Facebook this week.

6. New Business: None

7. Other: None

8. Adjournment

The next meeting is scheduled for May 7, 2018, at 8:00 a.m. at the Baker Community Center.

Motion was made by Tony Zehnder, 2nd by Rick Brems to adjourn the meeting

Voice vote: Ayes: unanimous; Nays – None Absent: T. Beckjord, M. Meyers, J. Wessel

Meeting was adjourned at 9:09 a.m.



ACTIVE RIVER PROJECT MEMORANDUM



TO: ACTIVE RIVER TASK FORCE

FROM: JOHN RABCHUK

SUBJECT: ACTIVE RIVER DEVELOPMENT - POSSIBLE FINANCING OPTION

DATE: MARCH 27, 2018

CC:

Question: Do we desire to build Active River because it will help revitalize the city of STC (especially downtown), or do we revitalize downtown STC by utilizing Active River?

In meeting with a representative of a very large development firm earlier this week he asked why we were concerned about what features and functions might be included in Active River. He said that in a sense it didn't matter at this stage what features might be included or excluded, as the focus needed to be on what a fully developed downtown STC might look like. That being said, he said that the concept plan that we have developed and the marketing that we have been doing is a huge plus for the scenario described below.

From his perspective he said we have been taking steps out of sequence and worried about details that can be dealt with later – once the project is defined and if/when a decision is made to move forward.

First, identify in detail all potential development parcels within the downtown area (police station site, Harris Bank block, Cordon Blue block, Creamery Building block, remaining parcels in First Street Development, the area north of Cedar Street and west of Rt. 31, Allied Plastics site, the UP railway right of way, the parking areas along the west bank of the river and north of Carroll Tower, etc.). This includes identification of any potential issues with each parcel (IE: water wells, potential hazardous waste remediation required, use restrictions in deeds, etc.) as well as exact dimensions, current zoning, views to river, current structures and conditions on surrounding parcels, etc.

Second, solicit counsel from a select group of people that can provide advice and guidance what would be best on each of those parcels: IE, multi-family residential with first floor retail/restaurant and maximize views of river. This committee will become key stakeholders as the project moves along and will coalesce community support. You invite their advice because they are proven, smart leaders that have the best interests of the City in their heart and are highly influential within the community.

Once you have identified what could/should be on each parcel, hire a design consultant that can sketch out some ideas that conform to the plan based upon the desired goals for each parcel and the overall vision for downtown. This is not a full-blown design, but enough that would provide a potential developer with a clear view of what the community desires at each site (IE: five story mixed use, owner occupied condos in the 1500-2500 sq. ft range with maximized river views and 'X' sq. ft of retail or office on first and second floors with 'X' number of parking spaces.

With that design you can also use that consultant to provide some broad cost parameters of the structures, which will help to determine the economic feasibility for a developer. Separately, you can also estimate the costs for infrastructure improvements (water, sewer, streets, electric, traffic control, storm water management, lighting, etc.) that will be required to support the entire scope of development including the Active River component (the complete ARP project from one end of the city to the other including the UP right of way).

Conduct an economic/demographic study to see if the numbers and market will support the stated goals of residential, retail and office mix proposed for the total parcels. The study will help to define the mix of development product that our market might support. For example, we know that there is a market for our aging population that wants to stay in St. Charles because of friends and family yet downsize or reduce maintenance responsibilities. What is the size of that demographic, what is their median income, what types of options will they consider, etc.

Next, hire a bonding specialist who will look at all of the potential revenue streams from the total development of all of the parcels and from the city in general. This could include sales tax, property tax, accommodation tax, entertainment tax, cash donation requirements (for the park district for example) for each parcel as developed, etc. This specialist will then be able to calculate the bonding capacity that should be available to support the project. By that it means the amount of bonds required needed to cover the total cost of infrastructure (including soft costs and Active River), but not the cost of acquiring the land or building out any of the parcels. These municipal bonds would be supported by the defined revenue sources per this study. They will be non-recourse, so this will not be STC city debt - it is debt supported by the defined revenue sources only. For example, a 0.5% increase in the sales tax from all of the businesses (retail, hotel, office, etc.) and structures in the Bolingbrook Promenade shopping area (including Bass Pro, IKEA, a Hampton Inn, and out lots) supported the \$80M in bonds necessary for the city to construct all of the highways, parking, sewers, electric, traffic control, water, etc. for that development. Bolingbrook was not liable for those bonds. The bond holders accepted the dedicated revenue streams as their only collateral. Similarly, Greenville elected to place an additional 2% sales tax on food, beverage and accommodations. This new revenue source was solely dedicated to paying off the bonds that paid for the infrastructure costs for downtown Greenville and Falls Park. Actual receipts far exceeded the projections in the forecast for what this sales tax would produce and they paid off those bonds much earlier than scheduled. Now, that 2% sales tax is a major new source of revenue for the city allowing them to potentially reduce or replace other taxes as well as to pay for the operations and maintenance of the downtown and falls Park areas. Greenville is also looking at a significant expansion to Falls Park which would be paid for from this same dedicated revenue source. Greenville correctly assumed that the largest portion of this new sales tax would actually be paid by visitors so the impact on residents and local businesses was softened.

We also start a whisper campaign with a select group of developers (creating a competition – these will probably not be local) that there is a city in the western suburbs that has identified X acres of prime downtown parcels for redevelopment and has designed an extraordinary riverfront attraction that will place it far ahead of all other suburbs as a desirable place to live, shop, visit, etc. and it will attract X amount of tourists each year as a unique regional center (all supported by the earlier economic and demographic study). The goal is to get someone on the inside of 3-4 developers that buys into the overall concept and wants to 'own' the project. You need an 'inside project owner' to get past all of the hurdles that will always arise. So now, Active River (along with the demographic and economic story) becomes the carrot for the developer that is looking at all of the parcels together as one large development. For example: the Cordon Blue parcel hasn't sold in three years and has drawn little interest as a small parcel; but as a component of a larger plan with the Active River, realigned streets to maximize river access and views, etc. is suddenly much more attractive.

In this scenario, our total cost is for the parcel design study, the economic/demographic study the bond analysis study and developing a full-blown marketing effort to help sell the project and then to sell STC as the development progresses (I am guessing here, but probably less than \$1.0M total). All of the hard and soft infrastructure costs (including Active River design, engineering and construction) are paid for by the bonds without recourse to the City. The developer will pay for the land, all of the soft costs for each parcel including legal and design, the structures themselves, marketing the properties, etc. There is no need for federal, state or other grants (which are very hard to find these days anyway – although where available they can reduce the overall bonding required) and the Active River Project gets built out much faster than might otherwise happen. The final design will be subject to some degree to what the developer feels needs to be included as the carrot for their project to work, but the City and Park District will have the final say. In a simplistic view, we will have to front most of the money for the consultants and studies; but a mechanism for funding the long-term operation and maintenance of Active River and other infrastructure needs to be identified and codified as a key component of the overall scheme. Philanthropic and grant sources can be utilized to fill out Active River components, enhance environmental goals, etc.

And, once the bonds are paid off, the dedicated revenue sources can remain in place to supplement (or replace/reduce) existing taxes and to support an on-going marketing campaign for the City (like Greenville has done - they now are running a +\$4.0M surplus in their budget because those revenue sources have paid off the bonds, but now direct \$ to the City coffers). Early and continual marketing will be essential to fulfilling the expectations of the overall plan, and the developer will probably require some level of commitment for this.

At first glance it sounds too good to be true, and it is. This outline suggests a much larger development with far more pieces and a complexity that will lead to many issues. The size of the project will bring out all of those that complain of traffic, that only want single family housing, that never want change, that insist on smaller building sizes, that don't want tourists, that don't understand how this won't cost them tax dollars, etc. This will obviously involve a fair number of property owners which will also complicate issues. A long-term, well-managed marketing and public relations campaign (highlighting successes in other communities, etc.) will be necessary to control the message and build broad based community support once the project direction and scope are announced.

But if successful, we end up with a redeveloped downtown St. Charles and the Active River project completed as a side benefit. This scenario suggests that for a relatively small upfront cost a major redevelopment of downtown may be attainable and there is a possibility of creating new revenue sources for local governmental bodies that might be utilized to reduce/replace our current tax structure in the future.